

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 01-302
2001

DATE PREPARED: Nov 29,

STATE AGENCY: Office of the Sec. of Family and Social Services **DATE RECEIVED:** Nov 1, 2001

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Digest of Proposed Rule: This rule amends 405 IAC 5-34-12 to eliminate reimbursement for bed hold days for hospice recipients when Medicaid-certified and enrolled nursing facility occupancy for all residents is less than 90%.

Under the existing rule, nursing facilities may be reimbursed at one-half the facility's per diem rate to hold a bed when a hospice resident is absent from the facility due to hospitalization or therapeutic leave.

Governmental Entities:

State: The reduction in aggregate Medicaid payments to nursing facilities are estimated to be about \$2,000 per year from this provision. The state share of the cost reduction is about 38% of this amount, or \$760 annually. This rule places no unfunded mandates upon state government.

Local: Currently, there are six county-owned nursing facilities that would be subject to this rule change, depending upon the facilities' occupancy rates and the extent that hospice patients are among the facilities' residents. However, there is no state or federal requirement that a nursing facility reserve a bed when a resident is absent from the facility due to hospitalization or therapeutic leave. Consequently, this rule places no unfunded mandates upon any local government unit.

Regulated Entities: The reduction in aggregate Medicaid payments to nursing facilities is estimated to be about \$2,000 per year from this provision. This estimate is based on FY 2000 data when two hospice providers billed Medicaid for reserving beds for hospice recipients in five different nursing facilities.

According to the Office of Medicaid Policy and Planning, there are 511 nursing facility providers enrolled in the Medicaid program: 106 currently have occupancy rates of 90% or above and 405 have occupancy rates of less than 90%. (Only about 75% of all nursing facility beds in Indiana are occupied.) In addition, two out of three nursing facility residents are Medicaid eligible. There is no state or federal requirement that a nursing facility reserve a bed when a resident is absent from the facility due to hospitalization or therapeutic leave.

Information Sources: Evelyn Murphy, Office of Medicaid Policy and Planning, 233-6467.